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The Companies Announcements Office  
Australian Stock Exchange Limited  
20 Bond Street  
SYDNEY NSW 2000

### **SALE OF SONS OF GWALIA'S GOLD DIVISION TO ST BARBARA MINES**

Sons of Gwalia Ltd (Administrators Appointed) ("Sons of Gwalia") announces that today it signed an agreement for the sale of Sons of Gwalia's Gold Division to St Barbara Mines Limited ("St Barbara").

St Barbara is an ASX-listed gold and nickel exploration company with a current market capitalisation of A\$44 million.

The sale to St Barbara is the culmination of several weeks of negotiations with potential purchasers following a wide-ranging and comprehensive sale process by the Administrators and Macquarie Bank (advisers to the Administrators of Sons of Gwalia) which has involved a large number of interested parties, both from Australia and offshore. The sale was recommended to creditors by the Administrators and Macquarie Bank, and has been approved by the Committee of Creditors of Sons of Gwalia.

Under the transaction, St Barbara will acquire Sons of Gwalia's gold interests in the Leonora, Southern Cross and South Laverton regions of Western Australia. St Barbara will also acquire some of Sons of Gwalia's nickel exploration rights associated with these regions as well as a portfolio of royalty interests.

The ultimate consideration for the sale to St Barbara consists of:

- replacement of all existing bank guaranteed environmental performance bonds associated with the Gold Division totalling A\$30 million;
- assumption of additional performance bonds proposed by the Western Australian Department of Industry and Resources in relation to the Gold Division assets of up to A\$5.7 million;
- cash payment to Sons of Gwalia of A\$2.0 million; and
- cash payment adjustment for prepaid rents and rates of A\$285,000.

Other benefits to Sons of Gwalia's creditors and stakeholders of the sale to St Barbara include:

- The sale allows the realisation of value for creditors in a simple, single transaction with minimal conditions whereby all performance bonds and environmental liabilities associated with the Gold Division will be assumed by St Barbara;
- The transaction is scheduled for completion within 8 days, thus minimising Sons of Gwalia's exposure to the operating risks associated with the Gold Division as well as reducing the time and costs of the administration in continuing to manage the gold assets;
- St Barbara has demonstrated its financial capacity to complete the transaction given the financial support from Resource Capital Fund III LP ("RCFIII"), a fund managed by the same group as Resource Capital Fund II LP, St Barbara's largest shareholder. RCFIII will provide credit facilities to St Barbara totalling A\$40 million; and
- St Barbara's management team has indicated its strong interest in employing a significant proportion of Sons of Gwalia's Gold Division employees on or before 30 June 2005. Until that time the employees will remain employed by Sons of Gwalia, and their services will be made available to St Barbara by Sons of Gwalia.

The Administrators will provide a further update on developments in relation to the restructure / sale of the Advanced Minerals Division as and when they occur.

Yours sincerely

GARRY TREVOR, ANDREW LOVE AND DARREN WEAVER  
Joint and Several Administrators of  
Sons of Gwalia Ltd